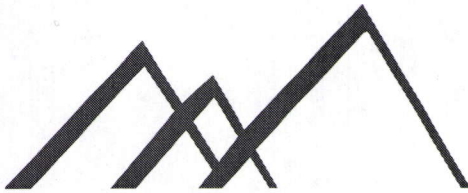


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DEC 10 2001

DIVISION OF  
OIL, GAS AND MINING

m/27/007



# Western States Minerals Corp.

250 South Rock Blvd. Suite 118  
Reno, Nevada 89502

December 6, 2001

Mr. D. Wayne Hedberg  
Permit Supervisor  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

**Re: Proposal to complete closure of adits at the reclaimed DRUM mine project and Request for Release of Balance of Payment Obligation upon completion of that task—reference to First Amended Settlement and Reclamation Agreement and Sole Source Contract No. 006536**

Dear Wayne:

After considerable review and evaluation of how to best finish the closure of those adits located in the bottom of the pit at the reclaimed DRUM mine project; I believe I have the most cost effective and safest way to proceed. We have discussed this topic with our contractor, Rancho Equipment Company, from Delta, Utah and believe that we can finish the closure of the adits using borrow material remaining in the pit and/or hauling what is additionally needed from an outside waste dump. The borrow material will then be placed and compacted in-place with an excavator. We are confident that we can sufficiently place enough material in the cracks and actual portal openings that entry into those areas will be irradiated. Rancho's bid is lump sum for \$10,000 to re-enter the property, complete the adit closure and reclaim the road, created for re-entry, upon completion. As I stated previously WSMC believes it has fully complied with the original scope-of-work envisioned for the adit closure, and has expended \$10,040.00 in the process. I believe \$20,000.00 was allocated, by your Agency, to that task, and therefore \$9,960.00 remains from that allocation to complete the task. WSMC is willing to oversee this work for an additional \$2,500 plus the cost of any additional seed that may be required upon completion of the work. Therefore, the total cost for the project is tabulated below:

\$10,040.00	amount currently owed to WSMC
10,000.00	Lump Sum bid by Rancho Equipment
2,500.00	WSMC management and admin. fee
( ? )	cost of seed-if any

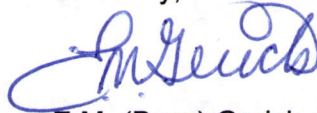
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\$22,540.00 + seed-----Total cost

If you want to have your staff manage this project, you can take it from here by paying WSMC the \$10,040.00 previously owed. Please let me know as soon as possible how you would like to proceed.

Please call me at (775) 856-3339 ext. 13, if you have any questions or matters that you wish to discuss.

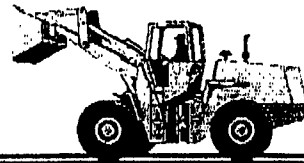
Sincerely,



E.M. (Buzz) Gerick  
Vice President of Operations

Cc: John F. Carmody—WSMC-Wheat Ridge Office

Rancho Equipment  
5626 N 3000 W  
Delta UT 84624



Phone 435-864-3971  
Fax 435-864-5192

December 3, 2001

## **BID PROPOSAL:**

### ***DRUM MOUNTAIN RECLAMATION PROJECT***

**Western States Minerals**

***Attn: Buzz Gerick***

SCOPE OF WORK: Closing off two underground mine openings with large rock in bottom of pit. May also require hauling additional fill material into bottom of pit area.

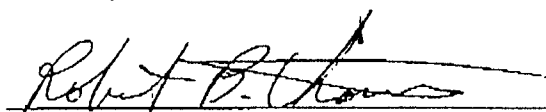
Reclamation plan is to place more material into mine opening by pushing and compacting material with an excavator then filling remainder of opening with large rock. This should keep opening closed even if some settlement did occur later.

**Equipment List:**

Cat 325L Excavator  
Cat D6H Dozer  
Cat 970F Loader  
John Deere 860B Scraper  
Lowboy

*Total Bid Amount = (Lump Sum)      \$10,000.00*

Sincerely,

  
Robert B. Thomas

*Dec. 3, 2001*  
Date:

HOUR RATE:

65.00  
65.00  
90.00  
100.00  
90.00  
75.00  
85.00  
90.00  
60.00  
100.00  
65.00  
60.00  
65.00  
65.00  
75.00  
40.00  
  
65.00  
75.00  
70.00  
60.00  
100.00  
  
120.00  
  
75.00  
85.00  
45.00  
10.00  
20.00

EQUIPMENT:

CS 563 CAT COMPACTOR  
END DUMP W/ TRACTOR  
JD 860 SCRAPER  
CAT 970 F LOADER  
D6H DOZER  
140 G GRADER  
CAT 966 C LOADER 4 YD.  
D7G DOZER  
D3 DOZER  
30B DRAGLINE  
22B DRAGLINE  
4,000 GAL. WATER TRUCK  
25 TON LOWBOY W/TRACTOR  
35 TON LOWBOY W/TRACTOR  
50 TON LOWBOY W/TRACTOR  
10 TON GOOSENECK TRAILER  
W/TRUCK  
20 YD3 BELLY DUMP W/TRACTOR  
20 YD3 PUP/TRACTOR  
446B CAT BACKHOE  
416B CAT EXTENDAHOE BACKHOE  
EL200B TRACKHOE W/ 1 1/4 CU. YD.  
BUCKET  
325 L TRACKHOE W/ 2 CU. YD.  
BUCKET  
EL120B W/ 36" BUCKET  
EL120B W/ COMPACTOR  
GEHL 5626 SKID LOADER  
WOODEN MATS  
LABOR

Prices are based on average digging and working conditions and at present fuel rates.  
We are licensed for General Engineering in Utah and Nevada.

Robert Thomas, V. Pres. (435) 864-3971  
ALL EMPLOYEES ARE MSHA CERTIFIED

June 14, 2001